

Questions for the Record for Ambassador Robert E. Lighthizer
U.S. House Ways and Means Committee
Hearing on U.S.-China Trade
February 27, 2019

From Representative George Holding to Ambassador Robert E. Lighthizer

Section 301 Tariffs

1. I know that the 301 report does not address financial services, but the negotiations have clearly sought to address structural and market access issues. I've read that the Chinese have demonstrated a willingness to open the financial sector to 100% ownership by US companies within 3 years but has offered no clear roadmap. What are we doing in these negotiations to ensure that U.S. financial institutions will be allowed access to the Chinese market without ownership or activity restrictions, just as Chinese banks are allowed access to the US market?

Answer: The Administration is working to ensure that U.S. financial services suppliers, across a wide range of services, including banking (as well as electronic payments), insurance, and securities have full and fair access to business opportunities in the Chinese market.

2. When the United States imposed tariffs on imports from China under Section 301, China retaliated in part by imposing identical tariffs on similarly situated U.S. made products being exported to China. The U.S. has now granted nearly 1,000 product exclusions for imports from China. As the negotiations with China proceed, in the interim are you seeking to have China grant exclusions on products that the U.S. has excluded from the Section 301 tariffs?

Answer: The goal of the Section 301 investigation is to change China's unfair and market-distorting behavior. China should have responded to the findings in the Section 301 investigation and the U.S. tariff actions by undertaking the necessary economic and policy reforms needed to end its trade-distortive practices. Instead, China retaliated with tariffs on U.S. products. The Administration is pressing China to remove those retaliatory tariffs entirely.

3. The conference report to H.J. Res. 31 instructs USTR to establish a product exclusion request process for list 3 of the Section 301 tariffs within 30 days of enactment and it further directs USTR to work with this Committee on the establishment of that process. Given the lengthy delays in the processing of product exclusion requests filed for List 1 and the much larger scope of List 3 I want to request that you work closely with the Committee on criteria for the process for List 3 that would significantly improve the efficiency of the process. One option in particular I would like to work with you on is a criteria that expeditiously excludes products that are regulated by other U.S. government agencies where those regulations constrain the ability of importers to access those products. For example, products regulated by the Food and Drug Administration where the FDA's regulatory framework means that

consumers cannot quickly shift to other suppliers. I believe the product exclusion process for List 3 should be designed to carve these products out of the scope of the 301. Are you willing to consider a product exclusion process criteria that would provide automatic exclusions for certain FDA regulated products?

Answer: USTR developed the exclusion processes for Lists 1 and 2 with extensive input from both Congress and other federal agencies. We regularly seek and obtain interagency views (including from FDA) regarding specific exclusion requests. We look forward to continue to consult with the Committee on any future exclusion processes for List 3.

Film Agreement

4. Mr. Ambassador, I'm sure you're well aware of the Film Agreement that came about after a 2012 WTO case between the U.S. and China. This deals with barriers by China to U.S. film imports. I understand those negotiations have not yet been completed, and it's something you're currently working on. I just want to say that I appreciate your work on this and look forward to you completing an agreement with a revenue share that's in line with international norms.

Answer: In a 2012 Memorandum of Understanding (MOU) relating to theatrical films, the United States and China reached an alternative solution with regard to certain rulings relating to the importation and distribution of theatrical films in a WTO dispute that the United States won. Among other things, China agreed in the MOU to raise the share of box office revenue received by U.S. film producers. The MOU also provided that it would be reviewed in calendar year 2017 in order for the two sides to discuss issues of concern, including further meaningful compensation for the U.S. side in terms of, among other things, the U.S. film producers' share of box revenue. In 2017, in accordance with the terms of the MOU, the two sides began discussions regarding the provision of further meaningful compensation to the United States. It is a priority for the United States to ensure that, as part of the negotiations launched by Presidents Trump and Xi on December 1, 2018, China fulfills its MOU obligations, including by allowing U.S. film producers to realize a share of box office revenue consistent with market rates around the world.

Solar 201 Tariff

5. My home state of North Carolina has been a leader in the deployment of utility scale solar production. As you know, U.S. manufacturers of solar cells and modules sought relief from Chinese imports under Section 201 of the Trade Act of 1974, and subsequent tariffs were placed on imported solar cells and modules.

It is my understanding that on March 16, 2018, USTR received a request that 1,500-volt crystalline silicon photovoltaic bifacial modules ("1,500-Volt Bifacial Modules") be

excluded from the solar safeguard measure. I have been told that these modules are neither currently produced nor imminently available in sufficient quantities in the United States. Please give this exclusion request all due consideration.

Answer: USTR, in consultation with the Departments of Commerce and Energy, is carefully reviewing all of the exclusion requests we have received to evaluate whether granting them would undermine the objectives of the Section 201 safeguard measures on solar products.